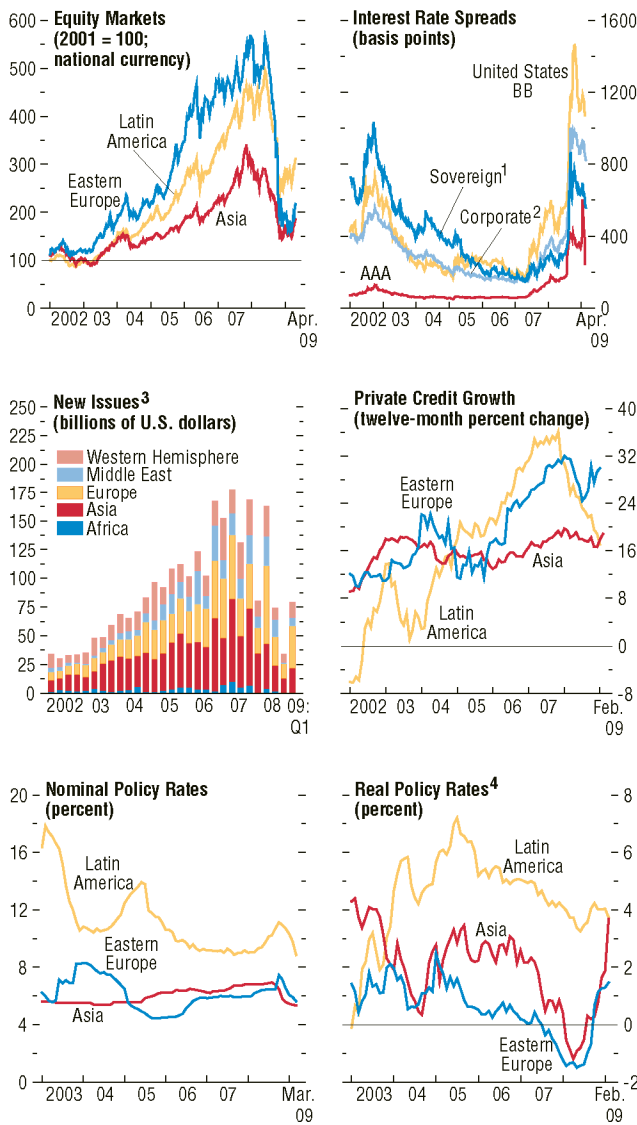


**Figure 1.3. Emerging Market Conditions**

Emerging markets were hard hit by the escalation of the financial crisis. Equity prices plummeted, spreads widened sharply, and new securities issues were curtailed. Policy rates were lowered in response to weakening economic prospects, although less aggressively than in mature markets in view of concerns about pressure on the external accounts from a reversal in capital flows.



Sources: Bloomberg Financial Markets; Capital Data; IMF, *International Financial Statistics*; and IMF staff calculations.

<sup>1</sup>JPMorgan EMBI Global Index spread.

<sup>2</sup>JPMorgan CEMBI Broad Index spread.

<sup>3</sup>Total of equity, syndicated loans, and international bond issuances.

<sup>4</sup>Relative to headline inflation.